

Office of City Auditor

**COMMUTE TRIP REDUCTION PROGRAM
SEATTLE CITY LIGHT
SKAGIT PROJECT**

May 6, 1999

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May 6, 1999

Gary Zarker, Director
Seattle City Light
Seattle, Washington 98104-1876

Dear Mr. Zarker,

Attached is our report on Seattle City Light's commute trip reduction program. We obtained comments on the draft from Seattle City Light and the Budget Office. When appropriate, we incorporated their comments into this final report.

We appreciate the assistance and professionalism of Seattle City Light. If you have any questions regarding this report please call me at 233-1093 or Susan Kraght at 669-1214.

Sincerely,

Susan Cohen

cc: Mayor Paul Schell
City Councilmembers

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Background

Seattle City Light (SCL) operates three power generation dams on the Skagit River located in Whatcom County (Project). Many of the operational employees live at the Project in SCL owned housing. The others mostly live in nearby cities and towns, (e.g., Mount Vernon, Sedro-Woolley, Concrete, and Marblemount). For at least the last twenty years, SCL has provided commuter assistance to employees not living in SCL housing. It was generally believed that this assistance ensured the safe, timely arrival of Project employees.

In 1993, the City implemented the “Commute Reduction Program.” The program provides incentives to employees electing non-single occupancy (non-SOV) vehicles for commuting to work. Basically, this program assists employees with finding non-SOV means of transportation and provides a van/carpool parking, ferry, or bus pass subsidy of \$15.00 per employee.

Skagit Project management implemented its own unique Commute Trip Reduction Program (CTR Program). It arranged for a weekday, dedicated Skagit County Transit (SKAT) route from Sedro-Woolley and for a seven-day a week SCL-owned van route from Sedro-Woolley. Both routes pick up passengers between Sedro-Woolley and the Project and drop passengers off in Newhalem or Diablo. The SCL-owned van is scheduled to arrive at the Project fifteen minutes before, and leave fifteen minutes earlier, than the SKAT bus service. The SCL-owned van is used for commuting powerhouse employees only.

During winter months (November through March), 53-56 employees use SKAT or van service. During the non-winter months, 29-32 employees use these services. The employees, who use the service during the winter, but not the non-winter months, have elected a four-day a week work schedule in the non-winter months and form carpools with other employees.

Objective and Methodology

We performed a review of the CTR Program at Skagit to:

1. Determine if Skagit’s CTR Program complies with the City’s Commute Reduction Program ordinance;
2. Determine if SKATs proposed fee increase was reasonable and justified; and
3. Explore potential alternatives to meet current Skagit transportation needs.

To accomplish these objectives, we:

- Conducted interviews with SKAT and Whatcom County Transit Authority (WTA) management.
- Reviewed SKAT contract, CTR ordinance, and other associated documents.
- Gathered statistics and cost data for Skagit's CTR Program.
- Conducted interviews of various Skagit employees.

PROJECT SUMMARY

Seattle City Light (SCL) needs to make fundamental changes in its Skagit Project CTR program to bring the cost of the program within City set parameters. The City's CTR program authorized subsidizing participants \$15 a month. The Skagit CTR program subsidizes participants an estimated \$41.74 a month (278 percent more than allowed by the City's CTR program). To bring the costs of the program within City parameters, SCL needs to:

- 1) Discontinue the van service. This will not significantly effect employees, and,
- 2) Establish the employee's monthly cost at a rate comparable to what other commuters in the State of Washington pay.

The important facts leading to this conclusion are:

- Skagit's CTR Program does not comply with the City CTR's Program.
- The risks associated with providing City-owned bus transportation far exceed the benefits.
- SKAT's proposed fee increase is reasonable and SKAT is willing to provide weekend transportation.
- Monthly bus pass rates for SCL Skagit employees are significantly lower than industry average.
- SCL van service can be replaced by SKAT without significantly inconveniencing SCL Skagit employees.

PROJECT FINDINGS

The Skagit Project's CTR Program Does Not Comply With the City's CTR Program

In May 1993, the City passed Ordinance 116680 that approved a CTR Program for City employees. The program basically:

- Designates an Employee Transportation Coordinator (ETC) to administer the Program.
- Defines the duties of the ETC.
- Allocates a monthly subsidy of \$15 for each employee purchasing a monthly bus or ferry pass.
- Allocates a monthly \$15 parking subsidy for carpool riders.
- Allocates a monthly \$15 parking or fare subsidy for vanpool riders.

The Skagit Project created its own CTR Program. According to discussions with Skagit management, the CTR Program was created in response to the City's subsidy allocation. The Skagit Program provides:

1. Monday through Friday SKAT bus transportation from Sedro-Woolley, and towns in between, to Newhalem.
2. Sunday through Saturday, SCL-owned bus service between Sedro-Woolley, and towns in between, for powerhouse employees.

The program's cost to employees per month, as Chart 1 presents, is between \$4.20 to \$32.30. According to Skagit employees, the monthly cost has remained the same for at least seven years.

CHART 1
SKAGIT EMPLOYEE'S MONTHLY COST

Pick-Up Location	Cost
Sedro-Woolley	32.30
Lyman	28.70
Hamilton	25.30
Birdsview	23.10
Concrete	19.40
Rockport	13.90
Marblemount	8.40
Newhalem	4.20

Based on the 1998 average monthly participant level of 43.25 employees, we developed a financial position for the Skagit's CTR Program (see Chart 2).

CHART 2
1998 FINANCIAL POSITION OF THE SKAGIT CTR PROGRAM

Employee Payroll Deductions (SCL Records)	\$ 9,760.80
Temporary Employees - Direct Payment	370.10
SKAT Contract Payment (Current Contract)	(9,000.00)
Cost of SCL-Owned Van (WTA Formula) ¹	(22,793.63)
Total Program Deficient	(21,662.73)
Less City Subsidy @ \$15.00 per participant per month	7,785.00
Additional Subsidy Required	\$ 13,877.73
SKAT New Contract (Additional 1999 Payment)	(6,000.00)
Total Estimated 1999 Deficient	\$(19,877.73)
Total Estimated 2000 Deficient	\$(22,877.73)

Based on our calculations, the City is subsidizing Skagit CTR Program participants \$41.73 each or 278% more than the \$15.00 authorized by the CTR ordinance. In addition, the CTR ordinance does not authorize City-owned vehicles to be used as a commuter bus. It only authorizes the subsidy of transit agency systems.

The excess expenses of the Skagit CTR program are caused primarily by the transportation service provided with the SCL-owned van. The secondary cause is that the monthly fee is too low. SCL Skagit employees are paying considerably less than most commuters in Washington State for bus services.

¹ Based on a "Cost of Operations" formula developed by Whatcom County Transit Authority, (150 miles per day running seven days a week).

Unauthorized Subsidy of \$13,877 Will Continue to Grow

In 1998, SCL paid SKAT \$750.00 per month to operate weekly bus service. With the contract ending in April 1999, SKAT has requested an increase to \$1,500 per month. Because of the increase (as Chart 2 displays) the subsidy will grow to \$19,878 and \$22,978 in 1999 and 2000, respectively. Even though the subsidy is growing, SKAT's contract is not the primary reason.

SKAT's Proposed Contract Price Increase is Fair

SKAT proposed contract increase is fair. The route is almost two hours long and the driver makes the trip twice a day, (on the way back to Sedro-Woolley, the bus turns into another route). At \$1,500 per month, the daily cost to Skagit is \$69.03. The reason Skagit employees are troubled by the contract increase is they are not aware their bus pass prices are significantly lower than industry standards. Chart 3 compares the Skagit bus prices with that of other Western Washington transit agencies. The "miles" column for the transit agencies shows the approximate maximum round trip computer miles available.

CHART 3 – BUS PASS COMPARISON

Pick-Up Location	Cost	Miles²
Sedro-Woolley	32.30	150
Lyman	28.70	
Hamilton	25.30	
Birdsview	23.10	
Concrete	19.40	80
Rockport	13.90	
Marblemount	8.40	44
Newhalem	4.20	15
King County Transit	48.00	60
Community Transit	57.00	80
Pierce County Transit	60.00	130

By comparing Sedro-Woolley, Lyman, Hamilton, and Birdsview to Pierce Transit, employees are paying approximately half of what is reasonable. Similarly the comparison of Concrete to Community Transit and Marblemount and Newhalem to King County demonstrate that SCL Skagit employees are underpaying for the service. Skagit Transit does not sell bus passes.

² Round-trip miles calculated from destination to Diablo.

A statement we heard several times from Skagit employees during this review was “We should receive what Seattle employees receive.” SCL Skagit employees can pay significantly more for bus transportation and still be equitable with Seattle employees.

City-Owned Commuter Van Service Presents Risk to the City

The City’s CTR Program ordinance does not provide for regular commuter service in City-owned vans. While the seven-day a week service provided for Skagit powerhouse employees is not within the parameters of the ordinance, it also presents undue risk to the City. The main risk being the liability to City employees and potentially third parties for accidents or mishaps. The secondary risk include non-authorized use of the city van and mishaps during the non-authorized use.

By having SKAT provide the bus service, SKAT becomes responsible for driver training and supervision (including Federally mandated drug testing). In addition, SKATS insurance provides for driver liability.

Weekend Service can be provided by SKAT

Currently SCL is providing Skagit employees with a van service in addition to the services provided by SKAT. We estimated that this van service is costing SCL \$22,794. The vanpool provides seven days a week service. During the weekdays, the van service does not provide a great deal of extra service. All the employees riding the SCL van could ride the SKAT bus³. This would not be a significant inconvenience to SCL Skagit employees since the vanpool service is only 15 minutes different in departure time than the bus. Currently on weekends only the vanpool provides services, but SKAT is willing to provide that service assuming a reasonable rate can be negotiated with SCL.

The Skagit Project’s CTR Program Suffers When SCL Allows Employees to Work Four Ten-hour Days A Week

Skagit management requires employees to work five eight hour days a week during the winter months but allows four ten hour days during the non-winter months.⁴ When the four day a week schedule is permitted, the Transportation Program is seriously compromised (see Chart 3). 21-26 participants drop out of the Program and carpool with other employees.

³ The SKAT bus holds fifty people comfortably and will accommodate the needs of Skagit commuters. (Based on SKAT statistics, the largest number of riders on a given day in 1998 was 26. The SCL van holds 15. Since the SKAT bus holds 50, it is more than adequate in size to hold 41 passengers.

⁴ This situation is not part of any bargaining agreement. The various bargaining agreements all stipulate a regular five-day a week schedule.

CHART 4
NUMBER OF MONTHLY BUS PASSES SOLD 1998

Month	Usage
January	53
February	54
March	54
April	29
May	31
June	32
July	30
August	32
September	32
October	36
November	53
December	56
Direct Pay ⁵	27
Total	519

Employees Desire Subsidy for Carpools

Based on discussions with designated representatives for the carpooling employees, they believe they should receive the \$15.00 a month subsidy for carpooling.⁶ The ordinance does not provide for a direct carpooling subsidy, only a parking subsidy if a carpool is certified. Hence, subsidizing carpools would require Council approval.

Direct subsidies for carpool employees would cause bus fares to increase since the SKAT route will receive less of a subsidy and the bus riders will pay higher fares.⁷ Skagit employees are already not paying enough for bus transportation and the cost will increase more with a carpool subsidy.

Recommendations

To bring the costs of the program within City parameters, SCL needs to:

1. Discontinue the van service. This will not significantly effect employees, and,
2. Establish the employee's monthly cost at a rate comparable to what other commuters in the State of Washington pay.

⁵ Some employees elect to pay by check. Records were not available by month only yearly totals.

⁶ A vanpool option was explored but Newhalem is not in the WTA taxing district so the cost per rider would be close to \$120 per month.

⁷ In addition, bus use could drop so low it would be cost prohibitive.

Addendum A:
Program Scenarios Within the City's Commute Trip Reduction Program

Chart 5 shows one scenario of how SCL can provide its CTR program in-line with the City's Commute Reduction Program. This scenario assumes that SCL negotiates with SKAT to provide 7-day service for \$3,000 a month. (Our preliminary discussion with SKAT suggests that they will be amenable to providing 7-day service at about this amount). It assumes that the same number of total employees who currently ride the bus and van will continue to ride the bus. Finally, it assumes that SCL subsidizes the program at \$15 a month per employee and that employees cover the remaining costs with bus pass prices averaging \$54.35.

CHART 5 – LOWER BUS FARE COST WITHOUT CARPOOL SUBSIDY

Employee Payroll Deductions	\$ 28,212.84
Temporary Employees - Direct Payment	-
SKAT Contract Payment	(36,000.00)
Cost of SCL-Owned Van	-
Total Program Deficient	(7,787.16)
Less City Subsidy @ \$15.00 per participant per month	7,785.00
Additional Subsidy Required	\$ 2.16

Chart 6 modifies the scenario presented in Chart 5 to show the effect if a carpool subsidy is implemented, the average bus pass price must increase to \$58.22 (Chart 6). However, based on our discussions with employees, many would opt for a carpool subsidy versus a bus ride at close to \$60.00 per month. If over 24 employees opted for the carpool subsidy, it would make this program unworkable as the cost of the bus passes would become too high.

CHART 6
HIGHER BUS FARE COST WITH CARPOOL SUBSIDY

Employee Payroll Deductions	\$ 30,216.18
Temporary Employees - Direct Payment	-
SKAT Contract Payment	(36,000.00)
Cost of SCL-Owned Van	-
Total Program Deficient	(5,783.82)
Less City Subsidy @ \$15.00 per participant per month	7,785.00
Additional Subsidy Required	\$ 2,001.18
Subsidy to Carpool Riders	\$ 2,100.00

Chart 7 displays having a carpool subsidy only assuming 70 employees a month belong to certified carpools. The actual savings to SCL of carpool only subsidy is significant. If employees opt for carpools only, Skagit employees would not have to manage the CTR Program.

**CHART 7
CARPOOL SUBSIDY ONLY**

Employee Payroll Deductions	-
Temporary Employees - Direct Payment	-
SKAT Contract Payment	-
Cost of SCL-Owned Van	-
Total Program Deficient	-
Less City Subsidy @ \$15.00 per participant per month	\$ 12,600.00
Additional Subsidy Required	-
Subsidy to Carpool Riders	\$ 12,600.00